

AUDITED FINANCIAL STATEMENTS
VILLAGE OF LAKEWOOD CLUB, MICHIGAN

March 31, 2008

Auditing Procedures Report

[Reset Form](#)[Email](#)

Issued under Public Act 2 of 1968, as amended.

Unit Name Village of Lakewood Club	County Muskegon	Type Village	MuniCode 61-3030
Opinion Date June 3, 2008	Audit Submitted	Fiscal Year March 31, 2008	

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	394,847
General Fund Expenditure:	467,508
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	291,307
Governmental Activities Long-Term Debt (see instructions):	79,604

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name) Calvin	Last Name Meeusen	Ten Digit License Number 1101006731		
CPA Street Address 600 S. Beacon Blvd., Suite 1A	City Grand Haven	State MI	Zip Code 49417	Telephone (616) 846-6210
CPA Firm Name Calvin D. Meeusen, C.P.A., PLLC	Unit's Street Address 600 S. Beacon Blvd., Suite 1A	City Grand Haven	Zip Code 49417	

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Village of Lakewood Club, Michigan
Management's Discussion and Analysis
March 31, 2008

Using this Management's Discussion and Analysis

This annual report is intended to supplement the Village's financial statements for fiscal year ending March 31, 2008. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements (i.e. the Statement of Governmental Fund Revenue, Expenditures and Changes in Fund Balance and the Governmental Fund Balance Sheet) tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

The Village as a Whole

The Village's total net assets are \$1,355,861 as of March 31, 2008. Unrestricted net assets, which represents net assets that can be used to finance day to day operations, comprise 38.3% of that total. The current level of unrestricted net assets for our governmental activities stands at \$519,919 or about 86.8% of current year operating expenditures.

Government-Wide Financial Analysis:

The first table presented is a summary of the government-wide statement of net assets for the Village. The net assets may be used as an indicator of a government's financial health.

In examining the composition of these net assets, the reader should note that governmental activities net assets are heavily invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the residents and they are not available to pay salaries, operational expenses, or fund capital projects.

Table 1
Village of Lakewood Club Net Assets

	Governmental Activities	
	2008 (audited)	2007 (unaudited)
<u>Assets</u>		
Current and other assets	\$ 531,451	\$ 602,927
Capital assets, net of accumulated depreciation	915,546	943,746
Total	1,446,997	1,546,673
<u>Liabilities</u>		
Current	34,134	36,516
Noncurrent	57,002	79,604
Total	91,136	116,120

Village of Lakewood Club, Michigan
Management's Discussion and Analysis
March 31, 2008

Table 1 - Village of Lakewood Club Net Assets-Continued

	<u>Governmental Activities</u>	
	2008 <u>(audited)</u>	2007 <u>(unaudited)</u>
<u>Assets</u>		
Capital Assets, Net of Debt	\$ 835,942	\$ 842,564
Unrestricted	<u>519,919</u>	<u>587,989</u>
Total net assets at March 31	<u>\$1,355,861</u>	<u>\$1,430,553</u>

The Village's net assets in the governmental activities continue to remain healthy. The Village has enough unrestricted cash on hand at the end of the year to fund normal operating expenses in similar circumstances for over 9 months.

The total of the Village's cash decreased by \$155,055 for the year ended March 31, 2008.

Governmental Activities

Governmental activities decreased the Village's net assets by \$89,441. Table 2 depicts this occurrence which will be discussed in more detail later in this analysis. This is primarily due to the large expenditures for the road improvement project which was largely funded from existing cash balances.

We are awaiting word from the State of Michigan on a Michigan Natural Resources Trust Fund Grant approval of \$49,100 for improvements to our village park. We have budgeted \$50,000 in park capital outlay to start work on this project, 75% to be reimbursed by the State in grant monies after the project is done.

A small Major Roads project is planned for the crack sealing of existing roads.

Table 2
Village of Lakewood Club Changes in Net Assets

	<u>Governmental Activities</u>	
	2008 <u>(audited)</u>	2007 <u>(unaudited)</u>
<u>Revenues</u>		
Program		
Charges for Services	\$ 7,061	\$ 8,759
General		
Property taxes	223,251	221,478
State revenue sharing	191,248	192,679
Investment earnings	22,401	27,819
Miscellaneous	<u>65,315</u>	<u>60,922</u>
Total	509,276	511,657

Village of Lakewood Club, Michigan
Management's Discussion and Analysis
March 31, 2008

Village of Lakewood Club Changes in Net Assets-Continued

	<u>Governmental Activities</u>	
	2008 <u>(audited)</u>	2007 <u>(unaudited)</u>
<u>Expenses</u>		
Legislative	57,709	47,852
General government	58,018	76,079
Public safety	38,644	57,078
Public works	323,782	300,307
Recreation and culture	47,074	39,285
Other	<u>73,490</u>	<u>89,976</u>
Total	<u>598,717</u>	<u>610,577</u>
Decrease in Net Assets	(89,441)	(98,920)
Net Assets at March 1	<u>1,445,302</u>	<u>1,544,222</u>
Net Assets at March 31	<u><u>\$1,355,861</u></u>	<u><u>\$1,445,302</u></u>

The Village's Funds

An analysis of the Village's major funds begins on page 5, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Village's major funds for 2008 include the General Fund, Major Streets and Local Streets.

The Village has budgeted monies for a Major Road project for crack sealing and fixing existing major roads. The cost for this project is \$13,920.

Funding will come from existing cash accounts. Transfers from the General Fund to the extent deemed appropriate can supplement these amounts. We consider the preservation and maintenance of our roads to be our top priority.

The General Fund pays the Village's general operating expenditures.

General Fund Budgetary Highlights

Village expenditures overall were somewhat over budget, resulting in total expenditures of \$91,818 over budget. The General Fund's fund balance decreased from \$363,968 a year ago to \$291,307 at March 31, 2008. Revenues were slightly higher than projections.

Village of Lakewood Club, Michigan
Management's Discussion and Analysis
March 31, 2008

Capital Asset and Debt Administration

At March 31, 2008 the Village had \$915,546 (net of accumulated depreciation of \$297,088) invested in a broad range of capital assets including land, land improvements, buildings and machinery and equipment. We continue to make payments on a truck installment note and an installment contract on a backhoe/loader. All of the payments were paid on time and in full.

Economic Factors and Next Year's Budgets and Rates

The Village's budget for the next fiscal year projects property taxes and other assessments to increase approximately \$2,800 from the current year as there has been no new construction. State revenue sharing allocations and Act 51 monies are a budgetary concern again this year so no increases are expected. The Village has adjusted the budget for 2008-2009 to allow for this possibility. Salaries are normally the largest expenditure of all funds but this will be significantly lower from 2007-2008 as we have cut back to one full time employee and one part-time employee.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and other interested parties with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact us at (231) 894-9008.

CALVIN D. MEEUSEN, C.P.A., PLLC

**CALVIN D. MEEUSEN
CERTIFIED PUBLIC ACCOUNTANT**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Village Council
Village of Lakewood Club, Michigan

I have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Lakewood Club, Michigan, as of and for the year ended March 31, 2008, which, collectively, comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of the Village of Lakewood Club, as of March 31, 2008, and the respective changes in financial position where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The accompanying required supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board. My audit was conducted

for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lakewood Club basic financial statements. The required supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Calvin D. Meeusen C.P.A. PLLC

Calvin D. Meeusen, C.P.A., PLLC
Grand Haven, Michigan
June 3, 2008

Village of Lakewood Club, Michigan

STATEMENT OF NET ASSETS

March 31, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 468,267
Receivables	
Taxes	32,575
Due from state	30,609
Capital assets, net	915,546
Internal balances, net (Note I)	<u>-</u>
Total assets	<u>1,446,997</u>
LIABILITIES	
Accrued expenses	11,532
Non-current liabilities	
Note principal due within one year	22,602
Note principal due in more than one year	<u>57,002</u>
Total liabilities	<u>91,136</u>
NET ASSETS	
Invested in capital assets	
net of related debt	835,942
Unrestricted	<u>519,919</u>
Total Net Assets	<u>\$1,355,861</u>

The Notes to Financial Statements are an integral part of this statement.

Village of Lakewood Club, Michigan

STATEMENT OF ACTIVITIES

Year ended March 31, 2008

	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Program Revenue</u>	<u>Primary Government</u>
	<u>Charges for</u>	<u>Governmental</u>
	<u>Expenses</u>	<u>activities</u>
Primary Government		
Governmental activities		
Legislative	\$ 57,709	\$ (57,709)
General government	58,018	(50,957)
Public safety	38,644	(38,644)
Public works	323,782	(323,782)
Recreation and cultural	47,074	(47,074)
Other governmental functions	<u>73,490</u>	<u>(73,490)</u>
Total primary Government	\$ <u>598,717</u>	\$ <u>(591,656)</u>
General revenues		
Property taxes		223,251
State shared revenues		191,248
Investment earnings		22,401
Other		<u>65,315</u>
Total general revenue and special items		<u>502,215</u>
Change in net assets		(89,441)
Net assets at April 1, 2007 (Note J)		<u>1,445,302</u>
Net assets at March 31, 2008		<u>\$1,355,861</u>

The accompanying notes are an integral part of this statement.

Village of Lakewood Club, Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS

March 31, 2008

	General Fund	Major Street
ASSETS		
Cash	\$ 237,899	\$ 177,154
Receivables		
Taxes	32,575	-
Due from state	12,219	9,129
Due from other funds (Note I)	<u>19,272</u>	<u>-</u>
Total Assets	\$ <u>301,965</u>	\$ <u>186,283</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accrued expenses	10,658	874
Due to other funds (Note I)	<u>-</u>	<u>7,069</u>
Total Liabilities	<u>10,658</u>	<u>7,943</u>
Fund Equity:		
Fund balance		
Unreserved	<u>291,307</u>	<u>178,340</u>
Total Fund Equity	<u>291,307</u>	<u>178,340</u>
Total Liabilities and Fund Equity	\$ <u>301,965</u>	\$ <u>186,283</u>

The accompanying notes are an integral part of this statement.

Local <u>Street</u>	Total Governmental <u>Funds</u>
\$ 53,214	\$ 468,267
-	32,575
9,261	30,609
<u>-</u>	<u>19,272</u>
<u>62,475</u>	<u>550,723</u>
-	11,532
<u>12,203</u>	<u>19,272</u>
<u>12,203</u>	<u>30,804</u>
<u>50,272</u>	<u>519,919</u>
<u>50,272</u>	<u>519,919</u>
\$ <u>62,475</u>	\$ <u>550,723</u>

Village of Lakewood Club, Michigan

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2008

Total fund balance-governmental funds \$ 519,919

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the governmental funds.

Cost of capital assets	\$1,212,634	
Accumulated depreciation	<u>297,088</u>	

915,546

Long term liabilities, including bonds and notes payable, are not
due and payable in the current period and therefore, are not reported
in the funds.

(79,604)

Net assets of governmental activities in the
Statement of Net Assets

\$1,355,861

Village of Lakewood Club, Michigan

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS
Year ended March 31, 2008

	General <u>Fund</u>	Major <u>Fund</u>	Local <u>Street</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes	\$223,251	\$ -	\$ -	\$223,251
Licenses and permits	7,061	-	-	7,061
State shared revenues	87,006	51,747	52,495	191,248
Interest	12,973	8,285	1,143	22,401
Equipment rental	23,725	-	-	23,725
Administrative fees	2,210	-	-	2,210
Other revenue	<u>38,621</u>	<u>-</u>	<u>759</u>	<u>39,380</u>
TOTAL REVENUES	394,847	60,032	54,397	509,276
Expenditures				
Current:				
Legislative	57,709	-	-	57,709
General government	58,410	-	-	58,410
Public safety	38,644	-	-	38,644
Public works	171,250	31,368	93,220	295,838
Other	83,938	-	-	83,938
Capital outlay	11,130	-	-	11,130
Recreation & cultural	<u>46,427</u>	<u>-</u>	<u>-</u>	<u>46,427</u>
TOTAL EXPENDITURES	<u>467,508</u>	<u>31,368</u>	<u>93,220</u>	<u>592,096</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(72,661)	28,664	(38,823)	(82,820)
Other financing sources (uses)				
Operating transfers in	-	-	25,992	25,992
Operating transfers out	<u>-</u>	<u>(25,992)</u>	<u>-</u>	<u>(25,992)</u>
Total other financing sources (uses)	<u>-</u>	<u>(25,992)</u>	<u>25,992</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(72,661)	2,672	(12,831)	(82,820)
Fund balance - April 1	<u>363,968</u>	<u>175,668</u>	<u>63,103</u>	<u>602,739</u>
Fund balance - March 31	<u>\$291,307</u>	<u>\$178,340</u>	<u>\$ 50,272</u>	<u>\$519,919</u>

The accompanying notes are an integral part of this statement.

Village of Lakewood Club, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

Net change in fund balances-total governmental funds: \$ (82,820)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report outlays for capital assets as expenditures
in the Statement of Activities; these costs are depreciated over their
estimated useful lives.

Depreciation expense	\$ (39,329)	
Capital outlay	<u>11,130</u>	(28,199)

Repayment of principal on long term debt is an expenditure in the governmental funds but the payment reduces long term liabilities in the Statement of Net Assets	<u>21,578</u>
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Change in net assets of governmental activities	<u>(89,441)</u>
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The accompanying notes are an integral part of this statement.

Village of Lakewood Club, Michigan
NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Lakewood Club (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's policies are described below.

1. Reporting Entity

The Village of Lakewood Club (Muskegon County) is a Charter village which operates under an elected village council form of government and provides services to its residents in many areas including public safety, highways and streets, sanitation, parks, recreation and general administrative services.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and user charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Village does not allocate indirect costs.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Village of Lakewood Club, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation-Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state revenue sharing and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village is audited on a bi-annual basis, as approved by the Michigan Department of Treasury.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Special Revenue Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.

The Local Streets Special Revenue Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on streets classified as local streets.

4. Assets, Liabilities, and Net Assets or Equity

a. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, money market demand deposits and certificates of deposit. The Village's internal investment strategy is to invest its liquid assets in the types of accounts as listed above. This is more restrictive than State of Michigan statutes.

Village of Lakewood Club, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Assets, Liabilities, and Net Assets or Equity-Continued

a. Deposits and Investments-cont.

The Village considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

b. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances."

Property taxes attach as an enforceable lien on property and are levied on July 1 and are payable through September 15. The Village bills and collects its own property taxes and does not collect taxes for any other unit of government. Uncollectable real property taxes as of the following March 1 are turned over by the Village to Muskegon County for collection. The County advances the Village all these delinquent property taxes. The Village recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period (60 days). The 2007 state taxable value for real and personal property of the Village totalled approximately \$21,015,023.

Collections of these taxes are accounted for in the General Fund. Village property tax revenues are recognized in the period for which they are levied. The Village is permitted by law to levy taxes up to 12.00 mills per \$1,000 of assessed valuation for general governmental services. The tax rate to finance general government services for the year ended March 31, 2008 was 7.909 mills.

c. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements, if any, are capitalized as projects are constructed.

Village of Lakewood Club, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Assets, Liabilities, and Net Assets or Equity-Continued

c. Capital Assets-Continued

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Infrastructure	20-40
Land improvements	15-20
Equipment	5-10

d. Compensated Absences

Full-time Village employees earn vacation and sick leave in varying amounts based on length of service. Unused sick leave or vacation pay does not accumulate past March 31 of each fiscal year. No portion of unused sick leave or vacation pay is paid to employees at the time of termination or retirement. It is the Village's policy to recognize the cost of sick leave at the time payments are made.

e. Long-Term Obligations

In the government-wide financial statements in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

f. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, if any, represent tentative management plans that are subject to change.

g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Village of Lakewood Club, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2008

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Information

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Village Clerk submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to April 1, the budget is legally enacted through passage of a resolution.
- d. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles.
- e. Appropriations for the General Fund lapse at the end of the fiscal year.

Budgeted amounts are as originally adopted, or as amended by the Village Council as of March 31, 2008.

2. Risk Management

The Village of Lakewood Club is exposed to various risks of loss related to torts, errors and omissions and employee injuries, as well as medical benefits provided to employees. The Village has purchased commercial insurance for medical benefits and participates in the Michigan Municipal Workers' Compensation Fund for workers' compensation claims and the Michigan Municipal Liability and Property Pool for claims relating to general liability, excess liability auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents.). Settled claims have not exceeded the amount of insurance coverage in any of the past three years.

The local units in the State of Michigan established and created the above mentioned pools pursuant to the provisions of Act 138 of the Michigan Public Acts of 1982. These pools are to provide for joint and cooperative action common to each participating municipal corporation for the purpose of providing risk management services along with property and liability protection. Membership is restricted to local units and related local unit activities within the state.

Village of Lakewood Club, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2008

NOTE C - DEPOSITS

1. Deposits

All deposits are in various local financial institutions and are carried at cost; the deposits are composed of money market checking accounts and a certificate of deposit.

As of March 31, 2008 the Village's carrying amount of deposits was \$468,267, and the bank balance was \$468,593. Of the bank balance, \$211,100 was covered by federal depository insurance, the remainder being uninsured.

NOTE D-CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 was as follows:

<u>Governmental Activities</u>	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 2,573	\$ -	\$ -	\$ 2,573
Unimproved land	<u>628,300</u>	<u>-</u>	<u>-</u>	<u>628,300</u>
Total capital assets, not being depreciated	<u>630,873</u>	<u>-</u>	<u>-</u>	<u>630,873</u>
Capital assets, being depreciated:				
Buildings	149,473	-	-	149,473
Equipment - General	264,413	-	-	264,413
Equipment - Hall	27,533	3,290	-	30,823
Parks	103,745	7,840	-	111,585
Seawall & boardwalk	<u>25,467</u>	<u>-</u>	<u>-</u>	<u>25,467</u>
Total capital assets, being depreciated	570,631	11,130	-	581,761
Less accumulated depreciation for:				
Buildings	47,811	3,866	-	51,677
Equipment - General	125,158	25,302	-	150,460
Equipment - Hall	22,481	1,674	-	24,155
Parks	37,161	8,168	-	45,329
Seawall & boardwalk	<u>25,148</u>	<u>319</u>	<u>-</u>	<u>25,467</u>
Total accumulated depreciation	<u>257,759</u>	<u>39,329</u>	<u>-</u>	<u>297,088</u>

Village of Lakewood Club, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2008

NOTE D-CAPITAL ASSETS-CONTINUED

<u>Governmental Activities</u>	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2008</u>
Total capital assets, being depreciated, net	<u>312,872</u>	<u>(28,199)</u>	<u>-</u>	<u>284,673</u>
Capital Assets, net	<u>943,745</u>	<u>(28,199)</u>	<u>-</u>	<u>915,546</u>
Government activities: Depreciation				
Depreciation expense was charged to functions as follows:				
General government				\$ 2,898
Recreation and cultural				8,487
Public works				<u>27,944</u>
				<u>\$ 39,329</u>

NOTE E - LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the Village for the year ended March 31, 2008:

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance March 31, 2008</u>	<u>Due within one year</u>
Governmental Activities					
Installment purchase agreement	\$ 57,870	\$ -	\$ 12,493	\$ 45,377	\$ 12,995
Installment purchase agreement	<u>43,312</u>	<u>-</u>	<u>9,085</u>	<u>34,227</u>	<u>9,607</u>
Governmental activity long-term liabilities	<u>\$ 101,182</u>	<u>\$ -</u>	<u>\$ 21,578</u>	<u>\$ 79,604</u>	<u>\$ 22,602</u>

Installment purchase agreement:

Truck Note - This note is with a local bank and is payable in monthly payments of \$1,212.35 with interest at 3.88% per annum. The note is scheduled to be paid in full in July, 2011.

\$ 45,377

Village of Lakewood Club, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2008

NOTE E - LONG-TERM DEBT-CONTINUED

Backhoe/loader Installment Contract - This installment agreement is payable in monthly payments of \$936.20 with interest at 5.5% per annum. This contract is scheduled to be paid in full in July, 2011.

34,227
\$ 79,604

Annual debt service requirements to maturity for debt outstanding as of March 31, 2008 is as follows:

Year ending March 31, 2008	Governmental activities	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 22,602	\$ 3,180
2010	23,674	2,108
2011	24,800	982
2012	8,528	67
2013	-	-
2014-2018	-	-
Total	<u>\$ 79,604</u>	<u>\$ 6,337</u>

NOTE F - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures have been reported on a functional basis. This is the same basis for which the budgets have been legally adopted and amended.

During the year ended March 31, 2008, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Actual Expenditures</u>	<u>Budget Variance</u>
General Fund			
Clerk	\$ 17,300	\$ 18,646	\$ 1,346
Deputy clerk	11,400	11,850	450
Street lighting	25,000	25,266	266
Ordinance enforcement	4,800	6,261	1,461
Park	37,250	46,427	9,177
Public works	38,246	171,250	133,004
Major street fund			
Salaries and wages	5,000	8,459	3,459
Fringe benefits	3,000	3,196	196
Repairs and maintenance	5,000	6,472	1,472
Equipment rental	4,000	10,065	6,065

Village of Lakewood Club, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2008

NOTE F - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS-
CONTINUED

Local street fund			
Salaries and wages	17,000	22,935	5,935
Repairs and maintenance	13,000	41,257	28,257
Professional services	3,000	6,918	3,918
Equipment rental	9,000	13,660	4,660

NOTE G - BUILDING INSPECTION DEPARTMENT

The Village of Lakewood Club is responsible for complying with the State Construction Code Act. This Act was amended by Public Act 245 of 1999 which became effective on January 1, 2000. Section 22 of Public Act 245 requires that the legislative body of a governmental subdivision shall establish reasonable fees to be charged by the governmental subdivision for acts and services performed by the enforcing agency under this act, which fees shall be intended to bear a reasonable relation to the cost, including overhead, to the governmental subdivision of the acts and services, including, without limitation, those services and acts as, in case of an enforcing agency, issuance of building permits, examination of plans and specifications, inspection of construction undertaken pursuant to a building permit, and the issuance of certificates of use and occupancy, and, in case of a board of appeals, hearing appeals in accordance with this act. The legislative body of a governmental subdivision shall only use fees generated under this section for the operation of the enforcing agency and shall not use the fees for any other purpose.

The Village of Lakewood Club meets the Michigan Department of Treasury criteria to account for these activities in the General Fund (ie. not establishing a separate Special Revenue Fund) namely, that the fee structure is not intended to recover the full cost of the enforcing agency and the Village has the ability to track the full costs and revenues of the enforcing agency without creating a separate fund. The following is a schedule of the revenues and expenditures associated with the building inspection department:

Village of Lakewood Club, Michigan Building Inspection Department April 1, 2007-March 31, 2008	
Revenue	\$ 7,061
Expenses	
Contracted services	6,433
Supplies & workshops	180
Administration	<u>3,600</u>
TOTAL EXPENSES	<u>10,213</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	\$ <u>(3,152)</u>

Village of Lakewood Club, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2008

NOTE H - INTERFUND OPERATING TRANSFERS

Details of interfund operating transfers at March 31, 2008 are as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Fund</u>	<u>Operating Transfers Out</u>
Local Street	\$ 25,992	Major Street	\$ 25,992

NOTE I - INTERFUND RECEIVABLES AND PAYABLES

Details of interfund receivables and payables at March 31, 2008 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General	\$ 19,272	Major Street	\$ 7,069
		Local Street	12,203
	<u>\$ 19,272</u>		<u>\$ 19,272</u>

NOTE J - BEGINNING NET ASSETS - ADJUSTMENT

The beginning net assets restated for the effects of GASB Statement No. 34 are as follows:

Governmental funds - Fund balances at April 1, 2007	\$ 602,739
Notes payable	(101,182)
Capital assets, net	<u>943,745</u>
Restated net assets at April 1, 2007	<u>\$1,445,302</u>

SUPPLEMENTAL INFORMATION

Village of Lakewood Club, Michigan
Budgetary Comparison Schedule
GENERAL FUND

Year ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 224,450	\$ 224,450	\$ 223,251	\$ (1,199)
Licenses and permits	10,600	10,600	7,061	(3,539)
State shared revenue	90,000	90,000	87,006	(2,994)
Interest	20,000	20,000	12,973	(7,027)
Equipment rentals	13,000	13,000	23,725	10,725
Administration fees	2,042	2,042	2,210	168
Other revenue	<u>26,000</u>	<u>26,000</u>	<u>38,621</u>	<u>12,621</u>
Total Revenues	386,092	386,092	394,847	8,755
EXPENDITURES				
Legislative				
Village council	<u>73,510</u>	<u>76,210</u>	<u>57,709</u>	<u>18,501</u>
Total legislative	73,510	76,210	57,709	18,501
General government				
Elections	2,500	1,500	1,330	170
Clerk	17,300	17,300	18,646	(1,346)
Deputy clerk	11,400	11,400	11,850	(450)
Village Hall & grounds	17,540	19,040	14,673	4,367
Treasurer	<u>14,250</u>	<u>14,250</u>	<u>11,911</u>	<u>2,339</u>
Total general government	62,990	63,490	58,410	5,080
Public safety				
Liquor Inspection	504	504	504	-
Street Lighting	26,000	25,000	25,266	(266)
Inspection Department	11,600	8,600	6,613	1,987
Ordinance Enforcement	<u>5,650</u>	<u>4,800</u>	<u>6,261</u>	<u>(1,461)</u>
Total public safety	43,754	38,904	38,644	260
Public works	<u>33,646</u>	<u>38,246</u>	<u>171,250</u>	<u>(133,004)</u>
Total public works	33,646	38,246	171,250	(133,004)
Recreational and cultural				
Park	46,750	37,250	46,427	(9,177)
Lake	<u>5,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total recreational and cultural	51,950	37,250	46,427	(9,177)

The accompanying notes are an integral part of this statement.

Village of Lakewood Club, Michigan
Budgetary Comparison Schedule
GENERAL FUND-CONTINUED

March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other				
Salaries and wages	17,000	14,100	4,129	9,971
Refuse service	55,000	55,000	54,026	974
Debt service	<u>25,783</u>	<u>25,783</u>	<u>25,783</u>	<u>-</u>
Total other	97,783	94,883	83,938	10,945
Capital outlay				
Equipment	<u>21,717</u>	<u>36,867</u>	<u>11,130</u>	<u>25,737</u>
TOTAL EXPENDITURES	<u>\$385,350</u>	<u>\$385,850</u>	<u>\$467,508</u>	<u>\$ (81,658)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	742	242	(72,661)	(72,903)
Fund balance - April 1	<u>363,968</u>	<u>363,968</u>	<u>363,968</u>	<u>-</u>
Fund balance - March 31	<u>364,710</u>	<u>364,210</u>	<u>291,307</u>	<u>(72,903)</u>

The accompanying notes are an integral part of this statement.

Village of Lakewood Club, Michigan
Budgetary Comparison Schedule
MAJOR STREET FUND

Year ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue				
State shared revenue				
Gas and weight tax	\$ 53,000	\$ 53,000	\$ 51,747	\$ (1,253)
Interest earnings	<u>9,000</u>	<u>9,000</u>	<u>8,285</u>	<u>(715)</u>
TOTAL REVENUES	62,000	62,000	60,032	(1,968)
Expenditures				
Construction	12,812	12,812	-	12,812
Street preservation				
Salaries and wages	5,000	5,000	8,459	(3,459)
Fringe benefits	3,000	3,000	3,196	(196)
Repairs and maintenance	5,000	5,000	6,472	(1,472)
Professional services	3,500	3,500	2,218	1,282
Equipment rental	4,000	4,000	10,065	(6,065)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>958</u>	<u>42</u>
	34,312	34,312	31,368	2,944
Administration	<u>1,654</u>	<u>1,654</u>	<u>-</u>	<u>1,654</u>
TOTAL EXPENDITURES	<u>35,966</u>	<u>35,966</u>	<u>31,368</u>	<u>4,598</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,034	26,034	28,664	2,630
Other financing uses				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(26,033)</u>	<u>(26,033)</u>	<u>(25,992)</u>	<u>41</u>
	(26,033)	(26,033)	(25,992)	41
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1	1	2,672	2,671
Fund balance - April 1	<u>175,668</u>	<u>175,668</u>	<u>175,668</u>	<u>-</u>
Fund balance - March 31	<u>\$175,669</u>	<u>\$175,669</u>	<u>\$178,340</u>	<u>\$ 2,671</u>

The accompanying notes are an integral part of this statement.

Village of Lakewood Club, Michigan
Budgetary Comparison Schedule
LOCAL STREET FUND

Year ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue				
State shared revenue				
Gas and weight tax	\$ 53,000	\$ 53,000	\$ 52,495	\$ (505)
Interest earnings	1,500	1,500	1,143	(357)
Other	<u>-</u>	<u>-</u>	<u>759</u>	<u>759</u>
TOTAL REVENUES	54,500	54,500	54,397	(103)
Expenditures				
Street preservation				
Salaries and wages	17,000	17,000	22,935	(5,935)
Fringe benefits	11,100	11,100	7,673	3,427
Repairs and maintenance	13,000	13,000	41,257	(28,257)
Professional services	3,000	3,000	6,918	(3,918)
Equipment rental	9,000	9,000	13,660	(4,660)
Capital outlay	24,779	24,779	-	24,779
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>777</u>	<u>223</u>
	78,879	78,879	93,220	(14,341)
Administration	<u>1,654</u>	<u>1,654</u>	<u>-</u>	<u>1,654</u>
TOTAL EXPENDITURES	<u>80,533</u>	<u>80,533</u>	<u>93,220</u>	<u>12,687</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26,033)	(26,033)	(38,823)	(12,790)
Other financing uses				
Operating transfers in	26,033	26,033	25,992	(41)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	26,033	26,033	25,992	(41)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	(12,831)	(12,831)
Fund balance - April 1	<u>63,103</u>	<u>63,103</u>	<u>63,103</u>	<u>-</u>
Fund balance - March 31	\$ <u>63,103</u>	\$ <u>63,103</u>	\$ <u>50,272</u>	\$ <u>(12,831)</u>

The accompanying notes are an integral part of this statement.

CALVIN D. MEEUSEN, C.P.A., PLLC

**CALVIN D. MEEUSEN
CERTIFIED PUBLIC ACCOUNTANT**

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(616) 395-8477

June 3, 2008

Honorable Village Council
Village of Lakewood Club

In connection with my examination of the financial statements as of March 31, 2008, I have reviewed the accounting policies and procedures employed by the Village and the internal controls in effect. As a result of this review, I wish to make certain comments and recommendations.

I have examined the financial statements of the Village of Lakewood Club for the year ended March 31, 2008 and have issued my report thereon dated June 3, 2008. As part of my examination, I made a study and evaluation of the system of internal accounting control of the Village of Lakewood Club to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities and Functions". The purpose of my study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Village of Lakewood Club is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Village taken as a whole. However, my study and evaluation disclosed that the internal accounting controls may not be adequate to reduce to a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the Village of Lakewood Club may occur and not be detected within a timely period by Village personnel in the normal course of their duties. This is because of a lack of segregation of duties due to the limited number of accounting personnel. Accordingly, substantive testing has been increased to mitigate this situation.

Members of Village Council
Village of Lakewood Club


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A budget is required by the State Constitution and by State Statutes and is the only basis for spending. A local unit cannot overspend its adopted budget unless a change in the budget is approved by the Council. Any amendment to the adopted budget should be made no later than the last day of the fiscal year and any transfer of monies between funds, except those authorized by statute, should be held to an absolute minimum and should be authorized by resolution of the Village and recorded in the Council minutes.

In my Letter of Comments and Recommendations dated May 18, 2006, I mentioned that the Village had not adopted an investment policy in accordance with state law. The Village has since done this and is now in compliance with that portion of Public Act 20 of 1943 (as amended).

In conclusion, I wish to say that my staff and I are very appreciative of the courtesy and assistance extended to us during the engagement. The above comments and recommendations are intended to be only of a constructive nature. I am sure they will help you to improve your accounting system and financial operation. I will be available to meet with you at any time in order to discuss these comments and recommendations.

Respectfully submitted,



Calvin D. Meeusen C.P.A. PLLC

Calvin D. Meeusen, C.P.A., PLLC